



WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT

Division of Economic Support
Bureau of Welfare Initiatives

**TO: Economic Support Supervisors
Economic Support Lead Workers
Training Staff
FSET Administrative and Provider Agencies
Child Care Coordinators
W-2 Agencies**

BWI OPERATIONS MEMO

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PRIORITY: Medium

**FROM: Stephen M. Dow
Program Implementation Team
Policy Analysis and Program Implementation Section**

**SUBJECT: ENTREPRENEURSHIP EFFORTS ON BEHALF OF FS, WtW AND W-2
PARTICIPANTS**

CROSS REFERENCE: BWI Operations Memo 96-45

EFFECTIVE DATE: Not applicable.

PURPOSE

The purpose of this memo is to inform W-2/FSET agencies of DES entrepreneurship initiatives and to provide operational guidance for correct coding of participation of clients enrolled in entrepreneurship programs.

BACKGROUND

The Department of Workforce Development and the Department of Commerce have joined forces to form the Workforce and Economic Development Initiative (WEDI) and have charged WEDI staff team with developing ways to assist families below 150% of poverty, who may be eligible for W-2 services, Food Stamps (FS) and Food Stamp Employment and Training (FSET), Wisconsin Shares child care subsidies and Welfare to Work (WtW) services, to become self-sufficient through self-employment. Small business development and training can be an effective strategy for helping low income persons become financially independent through self-employment. By developing economic opportunities in low-income neighborhoods, these efforts also have a multiplier effect, offering jobs and strengthening neighborhoods.

Small business development can lead to significant reductions in dependency on state benefit programs. The Department currently contracts for more than \$700,000 in small business development training targeted at Food Stamp recipients, refugees and other low-income individuals. These have resulted in long-term, sustainable jobs for these individuals which has eliminated their need for assistance. These programs have a business success rate with low-income entrepreneurs of approximately 75%. In many instances, the training is done in conjunction with other employment, so that the small business provides the additional income needed for full self-sufficiency. Research also suggests that benefits of small business development for low-income program participants is greater than the risks the state has to take

and the money it will spend. Based on the experiences of agencies such as the Community Action Programs and the Wisconsin Women's Business Initiative, self-employment is a realistic option for some participants.

Most Wisconsin Works (W-2) participants who are able to be self-employed are job-ready and should be referred directly to private employment. If the applicant expresses an interest in entrepreneurship, s/he may be referred to a business development agency to also explore this option, but job search and job placement activities should continue so that the applicant establishes attachment to the workforce as quickly as possible.

However, self-employment may be a viable employment solution for (WtW) or FSET customers and certain W-2 participants. The participant may have seasonal or marginal employment or be the second wage earner in a large family and the business provides the margin for success. The individual may have a severe disability that makes travel to and from a worksite difficult and expensive, or they may need a personal care assistant or family member to assist them throughout the day. If the person who wishes to start a business lives in a rural area there may be no job opportunities in their area. This is also true of some urban settings, where jobs are far away and transportation is accessed only with difficulty. Additionally, it may be the best job for them based on their talents, skills and abilities.

The Division of Economic Support (DES) has several entrepreneurship initiatives in operation in many local communities around the state.

One effort involves a DES contract with the Wisconsin Community Action Program Association subcontracted to 10 community-based agencies. The DES contract provide entrepreneurship services to low income persons including W-2, WtW and Food Stamps (FS) recipients/FSET participants. Funding for this effort is made possible through the actions of the state legislature which provided an annual appropriation to the Department of Workforce Development (DWD) and is matched with federal Food Stamp funds. The Department of Commerce has also made available Community Development Block Grant funds for this effort. This program is entitled "WISCAP Jobs and Business Development."

The Wisconsin Community Action Program Association has subcontracted to the following local agencies:

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| 1. ADVOCAP, Inc. | - Community Action Commission of South Central WI |
| 2. CAP Services | - Northwest Community Services Agency |
| 3. WESTCAP | - Indianhead Community Action |
| 4. Wisconsin Coulee CAP | - SDC |
| 5. Western Dairyland
Economic Opportunity
Council, Inc. | - Great Lakes Inter-Tribal Council |

These 10 agencies, under contract with the Wisconsin Community Action Program Association, are providing self-employment programs in their respective service delivery areas. The programs focus primarily on the micro-business (i.e., those with less than ten employees). The programs provide classes and one-on-one technical assistance and training in business development including market and feasibility studies, preparation of business plans, cash flow analysis and loan packaging. Several offer low cost space and shared services in incubators, in-house lending programs, and facilities development.

The Department also has contracts with CAP Services, ADVOCAP, Western Dairyland EOC, and Wisconsin United Coalition of Mutual Assistance Associations to provide similar business development services (including a revolving loan fund) for refugees.

The Department of Commerce funds a variety of programs which can help low-income entrepreneurs, including contracts with the Wisconsin Women's Business Initiative (WWBIC), Urban Hope, Community Enterprises of Greater Milwaukee, Lac Courte Oreilles Community Development Fund, Martin Luther King Economic Development Corporation, Milwaukee Indian Economic Development Agency and Walkers Point Development Corporation, for loans and/or technical assistance.

The Division of Vocational Rehabilitation also provides business development assistance to clients with disabilities.

Several Job Centers have identified the advantages of self-employment as one employment option:

1. The UW Parkside Small Business Development Center (SBDC) has a small business counselor on site two days per week in both the Kenosha Job Center and the Racine Workforce Development Center.
2. The Southwestern Wisconsin Workforce Development Area (not including Rock County) has an SBDC Counselor in Job Centers on an itinerant basis.
3. Small business agencies are being helped in developing relationships with Job Centers throughout the state in an effort to have small business resource and referral information on display in Job Centers.
4. Small business agencies are being assisted in obtaining information about Job Fairs and are being helped to obtain space at Job Fairs and other job seeker related functions.

DWD staff has been hired to develop training materials on entrepreneurship for all local Job Centers via a Virtual Incubator in which all Job Center users will have access to local economic development resources. Commerce staff will work closely with DWD staff to conduct training on self employment and other economic development strategies with FEP's, Job Developers and Resource Specialists in the local Job Centers. Commerce staff will also coordinate targeted and general economic development resources with W-2 Community Steering Committees. Commerce staff will also provide training on how to develop economic development partnerships between local economic development agencies, W-2 agencies and Job Centers.

The Department of Workforce Development is making extensive efforts to strengthen the child care industry through technical assistance, training and expansion grants. This increases the supply of available child care for W-2 participants and increases the retention rate among Wisconsin's businesses. The development of family day care and licensed child care is also a viable self-employment alternative, especially for women who wish to be home with their own small children. The following activities support the development of child care businesses:

1. Child Care Careers Project provides recruitment, screening, orientation, training, mentoring of W-2 participants and other low income job seekers who want to start family child care businesses or work in child care centers;
2. Ongoing services, including recruitment, orientation, referral to financial and other resources, training, and regulation, are provided for people seeking to start child care businesses through child care resource and referral network;
3. Child Care Start-up and Expansion Grants

ACTION REQUIRED

If an FEP determines that self-employment may be a viable route to self-sufficiency for a W-2 or FSET client, the FEP should:

1. Refer the client to a local entrepreneurship program or Job Center business development specialist for an assessment of the client's skills in relationship to entrepreneurship and an evaluation of the viability of the business idea. This assessment should be coded as Occupational Assessment (AO) on the WCPCS screen and counts towards either the work training or education participation hours.

The local entrepreneurship agency can identify FSET or WtW enrollees or W-2 participants with potential for success in the project and assess their entrepreneurial interest/abilities.

2. If the FEP and the entrepreneurship specialist concur that this is an effective route to self-sufficiency for this participant, place the participant in the program.

The local entrepreneurial agency can: provide consultation, training and guidance to potential individuals on basic business requirements/skills designed to foster entrepreneurship; provide CSJ, W-2T or Work Experience sites where W-2 or FSET clients can develop a business plan; obtain specific necessary skills and certifications/registration; and, locate and apply for appropriate financing; and report hours of participation and progress to the W-2 agency.

- a. If the primary emphasis of the entrepreneurship program is classroom training, code the activity as Job Skills Training (JS). Since this counts towards the education component of W-2, a participant must also be placed in employment or related Work Experience for at least 30 hours, unless training hours are aggregated. ABAWD/FSET participants must also be scheduled for an appropriate number of hours of Workfare participation. (See below for ideas on how to structure appropriate related Work Experience.)
 - b. If the participant will be receiving individualized supervision, consultation and technical assistance while developing a business plan and launching a business, the participant should be assigned to work experience (WE or WX) at the non-profit agency providing this assistance. Any training provided by the agency providing the work experience placement is an integral part of the work training and counts towards either the work training participation requirement or the education component. WX can be used to meet the ABAWD workfare participation requirement. Any training provided by other agencies would continue to be coded as Job Skills Training (JS).
3. Once the business plan is completed and the business launched, the income which goes to the participant must be reported and taken into consideration for benefits eligibility in accordance with instructions for self-employment income in the respective FS, child care and W-2 Manuals. Income producing hours should be recorded as part-time or full-time employment (WP or WF). The participant may be entered into CMU at this point in time, providing case management services related to maintaining the business. If the participant continues to meet income eligibility criteria and the initial income from the business is not sufficient to make the family self-sufficient, it may be appropriate to continue the CSJ, W-2T or Work Experience placement for a limited period of time.

To do this, count non-income hours worked for business start-up as a reportable Work Experience or CSJ activity with the entrepreneurship subcontractor in your area. Recalculate these hours every 1 to 3 months base on the individual's situation and scheduled reviews. Allow these hours for fulfilling work participation requirements.

Calculate non-income hours worked by subtracting average weekly net income (profit) divided by minimum wage from hours worked like this:

- a. Month's net income (profit) divided by 4.3 weeks per month = average weekly profit for the month;
 - b. Average weekly net income (profit) divided by \$5.15 per hour = paid hours worked per week;
 - c. Actual reported work hours minus paid hours worked per week = non-income hours;
4. Provide allowable child care, work related expenses and transportation for work program participant attendance in these program training efforts, in accordance with the client's employability plan.

If you have a locally sponsored program (not connected with one of these entrepreneurship programs mentioned in this Operations Memo) that is designed to encourage entrepreneurship, W-2/FSET Administrative Agencies may choose to handle clients according to this policy directive and report participants of those programs in the same manner.

CONTACTS

Contact your Area Administrator.

For further information concerning small business development opportunities, and training for Job Center staff, contact Jodi Owens at 608-264-8165.